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Agenda item 116

# Review of the efficiency of the administrative and financial functioning of the United Nations

## Report of the Fifth Committee

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## I. Introduction

1. The previous recommendations made by the Fifth Committee to the General Assembly under agenda item 116 appear in the reports of the Committee contained in documents A/55/532 and Add.1 and Add.1/Corr.1.

2. The Fifth Committee resumed its consideration of the item at its 45th to 47th, 49th, 55th and 57th meetings, from 14 to 16 and on 20 and 30 March and 9 April 2001. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/55/SR.45-47, 49, 55 and 57).

3. In addition to those listed in documents A/55/532 and Add.1, the Committee had before it the following documents:

**Procurement reform**

(a) Report of the Secretary-General on procurement-related arbitration (A/54/458);

(b) Report of the Secretary-General on measures taken to improve procurement activities in the field (A/54/866);

(c) Report of the Secretary-General on procurement reform (A/55/127);

(d) Report of the Advisory Committee on Administrative and Budgetary Questions on procurement reform and measures taken to improve procurement activities in the field (A/55/458);

(e) Report of the Advisory Committee on Administrative and Budgetary Questions on procurement-related arbitration (A/55/829);

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(f) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the follow-up audit of the implementation of procurement reform (A/55/746);

**Review of the question of the term of office of the Board of Auditors**

(g) Report of the Secretary-General on the review of the question of the term of office of the Board of Auditors (A/55/796);

**Reports of the Office of Internal Oversight Services**

(h) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the follow-up to the 1997 review of the programme and administrative practices of the United Nations Centre for Human Settlements (Habitat) (A/54/764);

(i) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the follow-up to the 1996 review of the programme and administrative practices of the United Nations Environment Programme (A/54/817);

(j) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the audit of the Office of the United Nations High Commissioner for Human Rights Field Operation in Rwanda (A/54/836);

(k) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the inspection of the outcome of the consolidation of the three former economic and social departments into the Department of Economic and Social Affairs (A/55/750);

(l) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services on the inspection of the consolidation of technical support services in the Department of General Assembly Affairs and Conference Services (A/55/803).

# II. Consideration of proposals

## A. Draft resolution A/C.5/55/L.50

4. At the 55th meeting, on 30 March, the representative of the Netherlands and coordinator of the informal consultations on this question introduced, on behalf of the Chairman, a draft resolution entitled "Procurement reform" (A/C.5/55/L.50).

5. At the same meeting, the Committee adopted draft resolution A/C.5/55/L.50 without a vote (see para. 12, draft resolution I).

## B. Draft resolution A/C.5/55/L.51

6. At the 55th meeting, on 30 March, the representative of Egypt and coordinator of the informal consultations on this question introduced, on behalf of the Chairman, a draft resolution entitled "Review of the question of the term of office of the Board of Auditors" (A/C.5/55/L.51).

7. At the same meeting, the Committee adopted draft resolution A/C.5/55/L.51 without a vote (see para. 12, draft resolution II).

8. After the adoption of the draft resolution, statements in explanation of position were made by the representatives of Cuba and the United States of America (see A/C.5/55/SR.55).

### C. Draft decision A/C.5/55/L.56

9. At the 57th meeting, on 9 April, the representative of Botswana, coordinator of the informal consultations on this question and Vice-Chairman of the Committee, introduced a draft decision entitled "Reports of the Office of Internal Oversight Services" (A/C.5/55/L.56).

10. At the same meeting, the Committee adopted draft decision A/C.5/55/L.56 without a vote (see para. 13).

11. Also at the same meeting, the representative of Botswana stated that, during the informal consultations, the Committee had decided to postpone consideration of the report of the Office of Internal Oversight Services on the inspection of the consolidation of technical support services in the Department of General Assembly Affairs and Conference Services (A/55/803) to the second part of the resumed fifty-fifth session of the General Assembly.

## III. Recommendations of the Fifth Committee

12. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolutions:

### Draft resolution I
### Procurement reform

*The General Assembly,*

*Recalling* its resolutions 52/214 B and 52/220 of 22 December 1997, 52/212 B of 31 March 1998, 52/252 of 8 September 1998, 53/204 and 53/208 B of 18 December 1998 and 54/14 of 29 October 1999,

*Having considered* the reports of the Secretary-General on procurement reform,[1] on measures taken to improve procurement activities in the field[2] and on procurement-related arbitration[3] and the related reports of the Advisory Committee on Administrative and Budgetary Questions,[4] as well as the report of the Office of Internal Oversight Services on the follow-up audit of the implementation of procurement reform,[5]

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[1] A/55/127.
[2] A/54/866.
[3] A/54/458.
[4] A/55/458 and A/55/829.
[5] A/55/746.

1. *Takes note* of the reports of the Secretary-General[6] and of the comments and observations contained in the reports of the Advisory Committee on Administrative and Budgetary Questions;[4]

2. *Welcomes* the progress achieved so far in addressing the concerns expressed in General Assembly resolution 54/14, and urges the Secretary-General to continue the full implementation of the resolution;

3. *Stresses* the need for the procurement process to be efficient, transparent and cost-effective and to reflect fully the international character of the Organization;

4. *Endorses* the observations of the Advisory Committee in paragraph 6 of its report concerning procurement reform,[7] and requests the Secretary-General to ensure proper accountability and training of all those involved in the procurement process at Headquarters and in the field;

5. *Stresses* the need for adequate training of all personnel involved in the procurement process at Headquarters and in the field;

6. *Takes note* of the experiences of the United Nations Educational, Scientific and Cultural Organization and the Office of the United Nations High Commissioner for Refugees referred to in the report of the Secretary-General on procurement reform,[1] and reaffirms the need for the Secretary-General to continue to explore ways to increase procurement opportunities for vendors from developing countries and countries with economies in transition;

7. *Reiterates its request* to the Secretary-General for the expeditious dissemination of information relating to procurement in developing countries and countries with economies in transition, and requests the Secretary-General to pursue his efforts to sensitize the business community and United Nations offices in the developing countries and countries with economies in transition to procurement opportunities with the United Nations;

8. *Requests* the Secretary-General to continue to encourage the use of procurement from developing countries within the region for the requirements of missions when this is more efficient and cost-effective;

9. *Welcomes* the initiative taken by the Procurement Division to make procurement officials directly accountable to substantive departments that they support;

10. *Requests* the Secretary-General to determine if similar tracking mechanisms could be introduced in other areas of the Secretariat;

11. *Looks forward* to the issuance of a revised version of the Procurement Manual before the end of 2001;

12. *Encourages* the Secretary-General to continue to improve annual procurement planning for all offices and departments and to make such plans publicly available, including to all permanent missions to the United Nations;

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[6] A/55/127, A/54/866 and A/54/458.

[7] A/55/458.

13. *Reaffirms its request* to the Secretary-General to develop a comprehensive system to measure the efficiency and cost-effectiveness of the procurement function, by taking into account the best practices of other organizations of the United Nations system, reaffirms the need for the completion of the exercise, and requests the Secretary-General to submit to the General Assembly the results when completed;

14. *Expresses its concern* about delays in payments to vendors, and requests the Secretary-General to ensure that terms of contracts are respected;

15. *Requests* the Secretary-General to continue to monitor the discussions of the World Trade Organization on rules of origin and to keep the General Assembly informed of the progress achieved;

16. *Notes* that the detailed information requested in paragraph 20 of General Assembly resolution 54/14 was not included in the current report of the Secretary-General on procurement reform, and requests the Secretary-General to submit in future reports, as an annex, detailed information on the awarding of contracts for procurement at Headquarters and in the field to all countries, in particular to developing countries, least developed and African countries and countries with economies in transition;

17. *Also notes* the increase in delegation of authority to the field in procurement activities, as mentioned in paragraph 6 of the report of the Advisory Committee concerning procurement reform,[7] and requests the Secretary-General to ensure that there is capacity in field missions to perform the procurement functions properly as well as effective and efficient mechanisms at Headquarters for monitoring procurement in the field, including:

(a) Remedial measures taken to address problems identified with regard to the United Nations peacekeeping missions;

(b) Standardization of the corrective measures taken for existing and future peacekeeping operations;

(c) A description of how accountability was pursued in the cases of individuals found to have engaged in fraud, mismanagement or abuse and how accountability measures would be applied in the future;

18. *Requests* the Secretary-General to assess the workload and functions of all relevant units involved in the procurement process in order to guarantee that each is planning and performing with optimum efficiency and to ensure proper training for improving the skills of personnel involved in the procurement process;

19. *Reiterates* that the criteria for an exigency, as outlined in General Assembly decision 54/468 of 7 April 2000, must be met before making emergency procurements as an exigency provision, so that all procurements follow set procedures;

20. *Requests* the Secretary-General to submit to the General Assembly, through the Advisory Committee, proposals for revision of the Financial Regulations and Rules of the United Nations, which may facilitate the implementation of procurement reform;

21. *Requests* the Secretary-General, pursuant to recommendation 4 of the Office of Internal Oversight Services,[5] to ensure that the criteria contained in the

Procurement Manual for the use of letters of assist are strictly adhered to, and, in this connection, requests that a report on the subject be submitted to the General Assembly;

22. *Reiterates* the need for executive heads of the funds and programmes of the United Nations to improve their procurement practices by simplifying the registration process for vendors who have already registered with another organization of the United Nations system, with a view to a more streamlined and transparent process, utilizing, among others, the Internet;

23. *Requests* the Secretary-General to submit to the General Assembly at its fifty-seventh session a report on all aspects of procurement reform at Headquarters and in the field, including improvements to the procurement process within the United Nations funds and programmes, as well as on the implementation of the present resolution.

## Draft resolution II
## Review of the question of the term of office of the Board of Auditors

*The General Assembly,*

*Recalling* its resolutions 48/216 D of 23 December 1993 and 55/220 of 23 December 2000,

*Recalling also* its resolution 74 (I) of 7 December 1946,

*Having considered* the report of the Secretary-General on the review of the question of the term of office of the Board of Auditors,[8]

1. *Decides* that the term of office of the Board of Auditors shall be a non-consecutive term of office of six years' duration starting on 1 July 2002;

2. *Decides*, for the transitional arrangements, to approve alternative 1 of the report of the Secretary-General,[8] whereby only the appointment of the Auditor-General of South Africa will be extended until 30 June 2006 and members elected under the current procedure shall be eligible for re-election;

3. *Also decides* to amend the first sentence of regulation 12.2 of the Financial Regulations and Rules of the United Nations as follows:

"The members of the Board of Auditors shall be elected for a non-consecutive term of office of six years' duration".

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13. The Committee also recommends to the General Assembly the adoption of the following draft decision:

[8] A/55/796.

## Reports of the Office of Internal Oversight Services

The General Assembly:

(a) Notes the following reports:

(i) Report of the Office of Internal Oversight Services on the follow-up to the 1997 review of the programme and administrative practices of the United Nations Centre for Human Settlements (Habitat);[9]

(ii) Report of the Office of Internal Oversight Services on the follow-up to the 1996 review of the programme and administrative practices of the United Nations Environment Programme;[10]

(iii) Report of the Office of Internal Oversight Services on the audit of the Office of the United Nations High Commissioner for Human Rights Field Operation in Rwanda;[11]

(iv) Report of the Office of Internal Oversight Services on the outcome of the consolidation of the three former economic and social departments into the Department of Economic and Social Affairs;[12]

(b) Reiterates that reports of the Office of Internal Oversight Services should be considered under the relevant items of the agenda of the General Assembly, in conformity with the relevant provisions of the Charter of the United Nations and the rules of procedure of the General Assembly.

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[9] A/54/764.
[10] A/54/817.
[11] A/54/836.
[12] A/55/750.